

3 November 1970

DCI BRIEFING FOR
5 NOVEMBER NSC MEETING

CHILE

- I. Mr. President, Salvador Allende, the Chilean Marxist, has now taken office as President in that country with virtually no significant opposition to hold him in check, and with a cabinet dominated by the Communists and his own even more extreme Socialist Party.
- II. Allende was a narrow winner in the three-way presidential elections on September 4, when his Popular Unity coalition got him 36.6 percent of the vote.
 - A. Former President Jorge Alessandri, running as a "Conservative Independent," was second with 35.3 percent, losing by less than 40,000 of nearly three million votes cast.
 - B. Radomiro Tomic, the candidate of retiring President Eduardo Frei's Christian Democrats, ran a poor third with 28.1 percent.
 - C. The orthodox pro-Moscow Communist Party of Chile put together the Popular Unity coalition,

chose Allende as the candidate, and provided the organizational base for his election.

D. Allende himself belongs to the Socialist Party, which in the Chilean political spectrum is completely Marxist, and even more nationalistic and more extreme than the Communists.

1. Ironically, until the Communists provided the political cohesion and muscle for the coalition, the Socialists appeared to be ready to jettison Allende.
2. He has been their perennial candidate, but many of the leaders mistrust Allende, particularly for his long and close relations with the Communists.

III. Chilean election law provides that when no presidential candidate receives a majority, the president will be chosen in a run-off by both houses of Congress meeting jointly.

A. Theoretically, there were enough votes in the full Congress to keep the presidency from Allende, as the pie chart indicates.

1. There was even some speculation that the Congress might vote on October 24 for Alessandri, who would then refuse to

serve. This would have required another popular election in which Frei could have run, because technically he would not be seeking a second consecutive term.

B. The opposing forces, however, were not only fragmented, but left leaderless before the run-off.

1. Frei continued the aloofness he had displayed during the campaign, and Tomic, fulfilling an earlier deal with Allende, recognized him as president-elect on election night on the basis of his plurality.
2. Alessandri, after a brief initial agreement to head a movement to stop Allende, refused to cooperate in the effort to turn his strong second-place showing at the polls into a run-off victory.
3. The effort was probably doomed by the quick support for Allende from the left wing of the Christian Democratic Party, but Alessandri's refusal to make a fight turned the run-off vote into a foregone conclusion.

C. Moderates in the Christian Democratic leadership tried to have a special party congress condition any support for Allende on a firm promise that he would abide by the "democratic guarantees" in the constitution.

1. The party was so divided, however, that Allende was able to win the support of a majority of the Christian Democratic leaders with only a token statement of his intentions.

IV. The Allende forces, even before the run-off, were moving quickly and forcefully to ensure his inauguration and prepare for the take-over.

A. Methods ranging from soothing persuasion to terrorist threats were used effectively to make his presidency appear palatable--and inevitable.

1. His supporters popped up in key positions of influence in the information media, either maneuvering their way in, or simply declaring their authority in the name of the forthcoming regime.
2. Allende and his close associates contacted many important Chileans in political,

economic, and such professional fields as education, to reassure them that cooperation would pay.

3. Grass-roots support for Allende was whipped up by some 8,000 Popular Unity Committees in factories and neighborhoods, organized originally as campaign forces for Allende's popular election. These groups, largely controlled by the Communist Party, will apparently be kept in being to provide local propaganda, control, and intelligence.
- B. On October 24, 195 of the 200 legislators in the full Congress showed up. (Allende himself did not vote, and four others were ill.)
 1. Allende got 153 votes--75 of them from the Christian Democrats. Their 20 senators and 55 national deputies followed party orders to vote for Allende.
 2. Alessandri got 35 votes from the National Party--conservatives who have announced that they intend to offer "constructive opposition" to Allende.
 3. Seven members of the Congress abstained.

SECRET
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V. Even before the election, there had been speculation that as a last resort the Chilean military would not permit a Marxist government to take office.

A. Many high-ranking officers had expressed opposition to Allende, and a few had told United States officials that as a Marxist, he would not be allowed to become president if he should win.

1. There was no strong indication at that time, however, that these officers seriously envisaged his victory.
2. Not long before the election, one top military official criticized the Alessandri campaign as inadequate, and expressed disgust at the assumption of the Alessandri backers that the military would act if he lost.

B. When Allende won his plurality, a number of high officers--including troop commanders and the head of the Air Force--were casting about for ways, means, and support to prevent a Marxist government.

1. According to one report, this group included General Vicente Huerta, commandant

of the carabineros.

2. A number of them still expressed optimism that Allende would be defeated in the Congressional run-off.
3. Some, like the assassinated Commander-in-Chief of the Army, General Rene Schneider, said it was up to the politicians to extricate themselves from the dilemma which they had created.

C. To put the whole situation between the popular vote on September 4 and the inauguration on November 3 in perspective, there was a substantial agreement at high levels among both political and military leaders in Chile that Allende should not be allowed to bring a Marxist regime to power.

1. There was motivation.
2. There was strong recognition of the inherent danger to the country.
3. There were the necessary forces, either for legal action in the run-off, or for extra-legal action in the form of a military coup.
4. But the spark never came.

D. Essentially, each element--the political and the military--looked to the other to provide the

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leadership, and no leader with the clout to bring it off was willing to step forward at the crucial moments.

E. One major factor appears to have been the traditional commitment of the Chilean armed forces to the constitutional process.

1. This has changed significantly in recent years. Many of the younger officers no longer have the economically and politically conservative backgrounds of their predecessors. Leftist political influence has been growing among the non-commissioned officers, and nearly half of the troops are short-term conscripts.

2. In addition, growing resentment by the military over the refusal of successive regimes to give the armed forces the role, the pay, and the equipment they expected has come to a head in the past two years, straining the support the military might otherwise offer the establishment.

F. The commanders and career officers, nevertheless, placed major emphasis on the traditionally

non-political character of the Chilean armed forces.

1. General Schneider, in particular, insisted that if Allende reached power constitutionally, the military must uphold constitutional processes.

2. Schneider's attitude--whether it stemmed from conviction or a reported preference for Allende--influenced General Carlos Prats, who is the new Commander-in-Chief. Many officers considered Prats the best potential leader for action to block Allende.

G. Retired Air Force General Viaux, who had earlier led an abortive military revolt to improve the position and perquisites of the military, has wide support among the older noncommissioned officers, and appeared to be seeking active support for a coup attempt.

H. Most of the senior active officers, however, did not favor Viaux as potential head man for a coup.

1. They feared the risks involved in the communication and coordination essential for choosing a leader and ensuring the necessary

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support from their fellow officers and troops.

2. As the deadline for action approached, the cooperation of troop commanders in the Santiago area--considered a necessity--was not assured. Divisions among leading officers became more evident, for example by the calls which several admirals paid on Allende.

I. Schneider's assassination unified the military, but it unified them against any likelihood of a coup to keep Allende from office.

1. The presumption--and the public consensus-- is that it was instigated by the extreme right wing.

2. Allende's claim that the murder was a threat to constitutional order is widely accepted by Chileans.

3. It therefore effectively cancelled the possibility of a military move against his inauguration.

VI. Allende announced his cabinet a few days before his takeover, after considerable behind-the-scenes strife between the Communists and his Socialists.

A. Communist leaders had been openly concerned in the period since the popular election that

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the Popular Unity coalition was not proceeding fast enough with plans to implement the reforms proposed in the campaign.

- B. Allende himself, however, appears to be intent on the kind of a low posture--for the time being at least--that will project a non-radical if not moderate image. Interestingly enough, his friends in Cuba and in the Communist countries have kept their statements and actions by and large in a low key that will help him put this across.
- C. The cabinet accordingly reflects a number of compromises between the Communists and the Socialists, includes a few nonentities, and by and large suggests that Allende intends to move cautiously and gradually at the start of his administration.
 - 1. He is experienced in dealing with the rivalry between the two parties, and may try to use it to maintain a free hand for himself.
- D. The Socialists have four cabinet posts, including the key Interior and Foreign Ministries.

1. Jose Toha, a Socialist very close to Allende, will be Minister of Interior, and first in line of succession to the presidency inasmuch as Chile has no vicepresident.
2. Toha will control all police and investigative forces, as well as the chief executives of the 25 provinces.
3. Allende is reported particularly concerned over assuring control of the well-armed national police, the carabineros, a disciplined paramilitary force of 25,000 volunteers which is better trained and slightly larger than the Army.
4. The Foreign Ministry goes to Clodomiro Almeyda, a leader of the more radical wing of the Socialists. A dedicated Marxist theoretician, Almeyda has close relations with both Havana and Peking.
5. Other Socialists in the cabinet are the Minister of Housing and the Secretary-General of the Government.

E. The Communists got the ministries of finance, public works, and labor, and in addition they control the important Ministry of Economy and

Development, which will probably be the focal point for Allende's first major reform moves.

1. The new minister, Pedro Vuskovic, is identified as a "leftist independent," but

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2. Vuskovic, formerly an economist on the United Nations staff, has been the chief economic adviser in three of Allende's four presidential campaigns.

3. Communist control of the Labor Ministry may create substantial friction. In addition to Christian Democratic efforts to keep control of some labor and peasant organizations, many Allende supporters have been proposing during the campaign that enterprises to be expropriated by the government should be taken over by workers' councils. This the Communists, with a penchant for central control, oppose. Control of the only effective labor organization is at present split between the Communists and Socialists. The major unions

are concerned that their powerful strike weapon will be blunted when industries are government-controlled.

F. The seven remaining cabinet posts were divided among the other four parties making up the Popular Unity coalition.

1. The Radicals, once a major Chilean party, have been disintegrating. The leadership has taken a sharp turn to the left, but the party still affords non-Marxist window-dressing for the cabinet.
2. This is true, at least, of the nonentities named as Ministers of Defense and Education.
3. The new Minister of Mines, however, is a leftist member, Orlando Cantaurias, who is close to Allende and will have a key role in the promised take-over of the copper industry.
4. The new Minister of Agriculture, Jaques Chonchol, represents the Unified Popular Action Movement, a small group of dissident leftwing Christian Democrats. Chonchol earlier served as a United Nations agricultural adviser to Fidel Castro, and broke

with the Christian Democrats last year after playing a major role in Frei's controversial agrarian reform program.

5. Three lesser cabinet posts went to two minor opportunistic groups--leftist but non-Marxist-- the Social Democrats and the Independent Popular Action.

G. It is to be expected that in most of the secondary cabinet posts, the ostensible ministers will be bypassed and real power will be in the hands of second-rank officials. The reporting from Santiago indicates that these positions are dominated by the Communists and Socialists.

VII. As for the potential opposition, the Christian Democrats remain the largest single party.

A. The leadership at present, however, is dominated by Tomic and other left-wingers.

1. Former President Frei is going to have to carry out his promise to resume activity within the party if there is going to be any effort to oppose the growing Marxist assertion of control over all aspects of political and economic life.

2. The forces led by Tomic--including some important anti-Marxist leaders--claim that pragmatic reasons made it desirable for the Christian Democrats to reach an accommodation with Allende and support him in the run-off.
3. There are grass-roots elements--peasant, labor, and women's organizations--in the Christian Democratic party that fought for the insistence on an Allende guarantee of democratic government. These elements look to Frei for leadership, and they are hesitant to weaken the party by leaving it, but without his active role they are too weak to bring about stiffer opposition to the new government.

B. Conservative forces at present are discredited by the presumable implication of extremists of the right in the assassination of General Schneider.

1. The National Party, as I said, has announced its intention to form an active opposition, but many of its influential members have left the party or fled the country; there is continuing conflict with

the Christian Democrats; and the economic pressures Allende will certainly bring to bear on the elements the National Party represents is likely to drive the party to the wall.

- C. Chileans generally do not attach great weight to the Congress and the political parties, and will hardly look to them to protect their interests.
 - 1. Many who could transfer holdings abroad or count on foreign employment have left the country.
 - 2. Businessmen who cannot leave are likely at the outset to accept the vague assurances Allende has given privately and in public, and accommodate as best they can.
 - 3. A substantial number of Chileans who oppose Allende continue to believe that they will have an opportunity to vote for an alternative in a new presidential election in 1976.
 - 4. Party affiliation is not a strong factor among Chilean voters, and the progressively leftward trend of their preferences was a major factor in Allende's victory this year.

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D. As for opposition by the information media, anti-Marxist publications and broadcast stations are rapidly losing either their independence, or their influence.

VIII. Allende's attainment of the presidency with only about one third of the country's vote climaxes a highly successful political career of nearly 35 years.

A. The man knows how to achieve his ends. He knows the political forces of the country inside and out. He has a thorough familiarity with the governmental and economic structures he plans to revolutionize in the course of building the socialism he claims will solve Chile's many serious problems.

1. He is tenacious and singleminded, but he knows how to dissemble his determination with a flair for maneuvering, a quick wit, and an instinct for when to reassure and when to challenge.

2. This facility for changing his position according to need can postpone the formation of a concerted opposition, and it will be an important element in

maintaining control over the internal contradictions within his regime.

3. His maneuverings between the Socialist and Communist positions will not go unchallenged, but he has demonstrated in the past that he can maintain a balance that keeps him in command.

B. The immediate outlook, accordingly, is not so much for a dramatic "Hundred Days" in which he will seek to remake the country, as for a gradual but persistent probing toward his goals.

C. Many of the initial measures to consolidate his political and economic control will not appear exceptional. He has ample time--the next congressional elections are set for 1973.

1. The Socialists are anxious to assert influence and control in obvious sectors of government policy; the Communists are most interested in expanding their organizational strength while restraining the Socialists from triggering opposition or outmaneuvering them.

2. This will allow Allende to set his own pace on major changes.

D. We expect that his first economic moves will be aimed at control of the major mining, industrial and financial enterprises that he considers essential to his plans.

1. These assets, combined with the substantial foreign exchange reserves he inherits from the outgoing government, will put his regime in good financial shape at the outset.
2. Recent high copper prices and extensive recent U.S. investment in expanded copper production in Chile are additional bonuses for the new regime, although world copper prices have been dropping, and there are indications that supply is approaching demand.
3. He and his main economic advisers are concerned, however, about the deterioration of the internal economy since his election.
4. He will accordingly continue the efforts begun even before his inauguration to create such confidence as he can among businessmen and others such as food producers, whose cooperation he needs at least

for the short run.

E. He has described inflation as the most urgent problem of the moment, and he intends to take economic steps helpful to the poor and the unemployed as rapidly as possible.

1. Although many of his programs would be inflationary if they were implemented in a free enterprise economy, he can be expected to take measures to suppress or mask these effects.

F. His program for socialism will be facilitated by the already preponderant role of the Chilean government in nearly every field of economic activity. The private enterprise system has already been distorted by 30 years of rapid inflation and government intervention.

IX. In the international economic field, we expect that Allende, at the start at least, will move with caution and with considerable regard for the realities. He has asserted his interest in foreign capital and technology as long as "the benefits are mutual."

A. Understandably, foreign investors will be wary of a professedly Marxist regime, and new foreign credits will be harder to come by.

SECRET

B. Allende and his representatives have reiterated in public and in private their hopes of retaining Chile's traditional hard currency markets in Western Europe, Japan, and elsewhere for their copper, iron, and other exports, as well as plans for expanding into Communist markets.

C. This desire to maintain Western markets is the reason for his decision to postpone diplomatic recognition of Peking, East Germany, and other Communist governments until the possible economic repercussions are clear.

1. Chile already has economic relations with Cuba, and Havana may be the first capital to be given new diplomatic recognition.

D. [redacted] reporting on the economic plans drafted by the Popular Unity coalition shows Allende's desire to give an appearance of flexibility in economic matters.

1. Examples are his encouraging gestures to foreign investors in the United States and in Western Europe, and his reiterated intention to cooperate with the Andean Group and to retain some private and mixed enterprises in Chile.

SECRET

2. These measures, of course, would last only as long as they appeared useful and beneficial to the new regime. The Communists have magnanimously recommended to Allende that the government should not expropriate any enterprises that are losing money.

E. U.S. private assets in Chile total about one and a half billion dollars, of which slightly less than half consists of Chilean government notes issued for nationalization, holdings of public bonds, and long- and short-term loans.

1. We estimate the book value of direct U.S. investment at \$800 million, although replacement would be considerably higher. More than half--\$480 million--is in mining and smelting.

2. As of September 10, U.S. investors had current investment insurance against expropriation amounting to \$293 million, and standby coverage for another \$355 million.

X. As for foreign relations, many governments are skeptical of Allende's aims, but anxious to avoid an appearance of prejudging him.

SECRET

- A. Mexico, Colombia, and some of Chile's influential Latin American neighbors would like to agree with the hopes of some Western European governments that the maintenance of normal relations will help Allende to "resist radicalization."
- B. The pleas he has made so far for international understanding, however, would appear to be contradicted by the appointment of the radical Clodomiro Almeyda as Foreign Minister.
 - 1. Almeyda is so far to the left that his admiration for the Chinese Communists and the Cubans in the past has placed him in opposition to Moscow.
- C. Several Latin American governments, including in particular Argentina, are deeply concerned over the possible effect of the Allende government on political stability inside their own countries.

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- 1. [REDACTED]
[REDACTED] in late October Allende promised representatives of revolutionary guerrilla groups in Latin America that

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Chile would become a center of support for them as soon as he is firmly in control.

2. According to this report, Allende said that this support would have to be managed covertly by his Socialist Party, because the Chilean Communist Party subscribes to Moscow's preference for legal and parliamentary means of coming to power.
- D. There is every indication and every reason to expect that--whatever Allende may say or intend--the forces around him will use every opportunity to exacerbate relations with the United States.
 1. The personal emissary Allende sent to our Embassy in Santiago said there was little the new president could do to curb the constant attacks on the United States in the Chilean press.
- E. As for the Soviet Union, Moscow is showing caution in dealing with the new government. In turn, the Chilean Socialists will want to avoid excessive dependence on Moscow, and

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SECRET

the Chilean Communists --for the sake of their domestic appeal--will exercise restraint in promoting closer ties with Russia.

1. The USSR extended a credit of \$57 million to Chile in 1967, none of which has been used. Chilean economic problems, however, will inevitably create the opportunity for Moscow to use this for leverage with the new Marxist government.